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December 10, 2004

G. John Heyer

President's Committee for Purchase
from People Who Are Blind or Severely Disabled
1421 Jefferson Davis Highway
Jefferson Plaza 2, Suite 10800
Arlington, VA 22202-3259

On behalf of Goodwill Community Services, I am writing to express strong opposition to the proposed notice of rulemaking [Docket No. 2004-01-01] from the President's Committee for Purchase From People Who Are Blind or Severely Disabled. Goodwill Community Services has thoroughly reviewed the proposed rulemaking on governance standards for central nonprofit agencies and nonprofit agencies participating in the Javits-Wagner-O'Day (JWOD) Program and it clearly exceeds the scope of the Committee's authority and Congressional mandate.

Goodwill Community Services has been providing employment opportunities to hundreds of individuals with disabilities in Central Arizona for over 10 years by participating in the JWOD Program. The JWOD Program offer unprecedented opportunities for individuals in our community to obtain employment, at a fair wage, and to acquire skills and abilities that might not otherwise be afforded them. Goodwill Community Services is grateful to the President's Committee for Purchase from People Who Are Blind or Severely Disability for making opportunities available under the JWOD Program. However, the authorizing statute for the JWOD program clearly delineates the powers and responsibilities of the Committee (41 CFR 51-2.2, 41 U.S.C. § 46). These powers and responsibilities do not extend to governance standards or executive compensation.

Congress and the Internal Revenue Service (IRS) have clear and comprehensive jurisdiction over governance standards and executive compensation. The Committee is mandated with determining which commodities and services should be on the Committee's procurement list and fair market prices, and informing federal agencies about the JWOD program. Isolated

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instances of abuse, as reported in the media, do not constitute the authority for rulemaking for a federal agency, when no clear mandate for such rulemaking exists.

As a participating JWOD agency, Goodwill Community Services hopes that the Committee would comply fully with the Congressional intent to provide employment and training opportunities for persons who are blind or have other severe disabilities and not delve into areas for which it lacks both the Congressional and statutory authority necessary to promulgate governance and other standards. The proposed rules will impact the entire community of participating nonprofit agencies, despite the Committee's own comment that the overwhelming majority of JWOD-affiliated central nonprofits agencies and nonprofit agencies operate in an ethical and accountable manner.

The statutory authority and regulations, as well as the legislative history, in addition to the applicable federal case law, do not support the Committee's actions. Furthermore, we have concerns understanding the rationale for the Committee to purport to assume regulatory authority over the governance standards for nonprofit, tax-exempt 501 (c) (3) organizations, because numerous federal entities exist to regulate these organizations. Congress, through the Senate Finance Committee, is scrutinizing the issue of governance standards of nonprofits. Primary oversight over a wide range of financial and governance affairs, including executive compensation, resides with the Internal Revenue Service (IRS). The IRS is empowered to impose intermediate sanctions on nonprofits not in compliance with applicable laws and regulations. It is duplicative for the Committee to attempt to promulgate such rules aimed at nonprofit organizations and clearly oversteps the intended authority of the Committee.

Goodwill Community Services strongly believes that the proposed rules do not advance the Congressional intent of the enacting JWOD legislation, and would, if adopted, diminish the program's ability to increase employment opportunities for the blind and disabled. We respectfully request that the Committee withdraw these rules.

Sincerely,

D. Keith Mason
Chairman of the Board
Goodwill Community Services

